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PAGE 001 IN 9283755  
TOR: 101608Z MAR 00 CIA OFFICE #2 7725~~SECRET~~ 101608Z MAR 00

CITE CIA OFFICE #2 7725

TO: PRIORITY LANGLEY , CIA OFFICE #5, CIA OFFICE #7, CIA OFFICE #8

FOR:

CLASSIFIED PROGRAM NO. 1 (CP 1)

SUBJECT: MERLIN (M) - MISSION ACCOMPLISHED

REF: NONE

TEXT:

1.

2. ON 9 MARCH, C/O JEFFREY STERLING AND HQS OFFICER MR. S. HELD A MEETING WITH M AT A MIDTOWN MANHATTAN HOTEL. DURING THE MEETING, M PROVIDED DETAILS ON HIS TRAVEL TO VIENNA IN ORDER TO DROP OFF THE PACKAGE OF MATERIALS FOR THE IRANIANS.

3. M, WHO AS ADDEES WILL RECALL IS INVOLVED IN THIS OPERATION NOT BECAUSE OF ANY SPECIAL AGENT SKILLS, BUT BECAUSE OF HIS GENUINE BACKGROUND AS A SOVIET NUCLEAR WEAPONS ENGINEER, HAD DIFFICULTY FINDING THE IRANIAN MISSION TO THE IAEA DESPITE EXPLICIT DIRECTIONS FROM MR. S. , WHO HAD HIMSELF VIEWED THE BUILDING IN PREPARATION FOR THE APPROACH. THIS DIFFICULTY RESULTED IN M'S USING HIS EMERGENCY PLAN TO CALL MR. S. 'S CELL PHONE, AND FROM HIS HOTEL PHONE RATHER THAN FROM A PUBLIC PHONE AS INSTRUCTED. MAKING THE BEST OF A BAD SITUATION, MR. S. KEPT THE CONVERSATION COMMERCIAL AND TOLD M THAT HE INDEED HAD BEEN PROVIDED THE RIGHT ADDRESS AND THAT HE SIMPLY HAD TO GO INSIDE THE BUILDING. A RATHER SHEEPISH M ACKNOWLEDGED AT THE 9 MARCH MEETING THAT ONCE HE DID SO HE FOUND THE MISSION, THOUGH HE NOTED WITH PETULANCE THAT IT WAS UP SEVEN STEPS RATHER THAN THE FOUR HE HAD BEEN TOLD TO EXPECT.

4. HAVING FINALLY LOCATED THE MISSION AFTER SEVERAL VERY OBVIOUS SEARCHES IN THE VICINITY, M AT ONE POINT NOTED THAT THERE WAS SOMEONE IN THE OFFICE, BUT ON THAT OCCASION HE HAD NOT BROUGHT THE DOCUMENT PACKAGE WITH HIM. WHEN HE RETURNED ON TWO SUBSEQUENT DAYS HE FOUND THE OFFICE UNOCCUPIED AND FINALLY LEFT THE PACKAGE,

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VERY CLEARLY ADDRESSED TO IRANIAN SUBJECT 1 , IN THE LOCKED MAILBOX RIGHT OUTSIDE THE MISSION DOOR. ACTING ON HIS OWN INITIATIVE, HE TOOK A SERIES OF PHOTOGRAPHS OF THE BUILDING, ENTRANCE WAY, MISSION DOOR, AND THE LOCKED MAILBOX, AND PRESENTED THESE TO C/O'S. AT LEAST WE KNOW HE FOUND THE RIGHT PLACE AT LAST.

5. DESPITE HIS CONFUSION WHILE IN VIENNA, HIS ACTIVITIES IN AND AROUND THE IRANIAN MISSION ONLY ADD CREDENCE TO THE FACT THAT M IS NOT A PROFESSIONAL. IF THE IRANIANS LEARN OF HIS CLUMSY ATTEMPTS TO FIND THEM THEY WILL BE LESS LIKELY TO SUSPECT THAT HE WAS ACTING ON ANYONE'S BEHALF. WE DIRECTED HIM TO SEND A FOLLOW-UP E-MAIL TO

IRANIAN SUBJECT 2 AT IRANIAN INSTITUTION 1 INFORMING HIM THAT HE HAD DROPPED OFF AN IMPORTANT PACKET OF INFORMATION IN VIENNA AND ASKING IRANIAN SUBJECT 2 TO CONFIRM ITS RECEIPT. WE DO NOT EXPECT ANY QUICK ANSWER FROM THE IRANIANS, BUT ALERTED M TO BEGIN CHECKING HIS MAILBOX REGULARLY AND TO ADVISE US AT THE FIRST SIGN THAT ANYONE WAS CHECKING HIM OUT.

6. OVERALL, M REMINDED US ONCE AGAIN OF HIS INABILITY TO FOLLOW EVEN THE SIMPLEST AND MOST EXPLICIT DIRECTION, THOUGH HE SEEMS TO HAVE MADE A GENUINE EFFORT AND TO HAVE CARRIED THROUGH HIS MISSION. HE CERTAINLY LOOKS REAL AND UNDIRECTED, THOUGH WE NEED TO BEAR HIS OPERATIONAL DISABILITIES IN MIND WHEN PLANNING FOR WHAT WE HOPE WILL BE HIS FUTURE CONTACT WITH THE IRANIANS.

7.

8. FILE: CP 1 . DECL ON: X1, CL REASON: 1.5(C), CL BY:  
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IN 9656897

TOR: 062029Z APR 00 CIA OFFICE #2 7793

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CITE CIA OFFICE #2 7793

TO: LANGLEY INFO

CIA OFFICE #5, CIA OFFICE #8, CIA OFFICE #7

FOR:

CIA OFFICE #9

CLASSIFIED PROGRAM NO. 1 (CP 1)

SUBJECT: MERLIN (M) - 5 APRIL MEETING

REF: NONE

TEXT:

## 1. ACTION REQUIRED: FOR THE RECORD

2. M WAS MET IN A MIDTOWN HOTEL ROOM THE EVENING OF 5 APRIL. HE HAD TOLD C/O IN A BRIEF TELEPHONE CONVERSATION THAT HE HAD RECEIVED A "BLANK E-MAIL" FROM A KNOWN ADDRESS. IT TURNED OUT THAT THE E-MAIL DID PRINT OUT AND WAS JUST A CHAIN LETTER WITH NO APPARENT CONNECTION TO IRAN. IN REALITY IT IS PROBABLY TOO SOON FOR THE IRANIANS TO HAVE DONE A SERIOUS EVALUATION OF THE FIRESSET PLANS M DELIVERED ON 3 MARCH, AND WE WILL CONTINUE TO BE PATIENT.

3. HQS CP 1 OFFICER MR. S. ASKED M IF HE WOULD BE WILLING TO HE AGREED WITHOUT HESITATION. OF COURSE, THIS MEANS THAT HIS INCOME STREAM WILL CONTINUE FOR A WHILE LONGER, BUT C/O'S WERE GLAD THAT HE POSED NO OBJECTION TO A RATHER MORE ADVENTUROUS EXTENSION OF THE CURRENT OPERATION. WE WILL WANT TO SEE HOW THE IRAN PART OF THE CASE PLAYS OUT BEFORE MAKING AN APPROACH, BUT GIVEN THE LENGTHY APPROVAL PROCESS FOR ANY SUCH EFFORTS WE WILL HAVE PLENTY OF TIME. C/O EXPLAINED THAT WE WERE JUST AT THE INITIAL PHASE OF THINKING ABOUT THE OPTION, BUT THOUGHT THAT MIGHT BE A GOOD PLACE TO APPROACH THEM. M WONDERED WHERE WAS, AND WAS REASSURED WHEN C/O EXPLAINED THAT IT IS RIGHT NEXT TO AND NOT IN SOME REMOTE CORNER OF THE WORLD. AS THIS CONVERSATION AND HIS EARLIER PERFORMANCE IN VIENNA DEMONSTRATE, M WILL NEED A LOT OF COACHING IF HE IS TO MEET THE IRANIANS OR APPROACH THE IN THE FUTURE.

4. M SIGNED THE NEW AGMT AND OTHER DOCUMENTATION , AND SUBMITTED HIS RECEIPTS FOR HIS VIENNA TRIP. C/O WILL PROVIDE THE BALANCE DUE HIM AND WELL AS \$2000

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FOR THE INCOME HE LOST DURING THE WEEK HE WAS IN VIENNA, SINCE HIS  
JOB  
PAYS HIM NO LEAVE OR OTHER BENEFITS.

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TOT: 051531Z MAY 00

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051531Z LANGLEY 873695

TO: PRIORITY CIA OFFICE #2 INFO CIA OFFICE #8, CIA OFFICE #5, CIA OFFICE #7  
CIA OFFICE #9

FROM:

CLASSIFIED PROGRAM NO. 1 (CP 1)

SUBJECT: IRANIANS TAKE THE INITIAL BAIT

REF: A CIA OFFICE #8 5845 | TS 9982305 |  
B. CIA OFFICE #8 5837 | TS 9970703 |

TEXT:

1. ACTION REQUIRED: CONCUR RE C/O CHANGE PLANNING

2. REFS ARE EXCELLENT NEWS. IT APPEARS THAT DESPITE MERLIN'S (M) BUMBLING HE MANAGED TO GET THE CP 1 DECEPTION MATERIALS INTO EXACTLY THE RIGHT HANDS. BETTER STILL, THE TARGETS TOOK THEM SERIOUSLY AND COURIERED THEM BACK TO IRAN RATHER THEN REJECTING THEM AT THE OUTSET. SINCE THE GOAL OF THE OPERATION ULTIMATELY IS TO WASTE AS MUCH IRANIAN NUCLEAR WEAPONS EXPERTISE AND MONEY AS POSSIBLE, WE ARE OFF TO A GOOD START. WE MUST NOW AWAIT WHAT IS LIKELY TO BE AN IRANIAN EFFORT TO CONTACT M FOR MORE INFORMATION. THIS COULD TAKE MONTHS, OR COULD COME RELATIVELY QUICKLY; WE WILL JUST HAVE TO BE PATIENT AND ALERT.

3. PER DISCUSSIONS IN EMAIL WITH CIA OFFICE #2, MR. S. WILL PLAN TO ARRIVE IN THE EARLY AFTERNOON OF 18 MAY AND COME TO THE OFFICE TO GO OVER THE FINE POINTS OF THE C/O CHANGE OF THIS QUIRKY BUT USEFUL ASSET. THE MEETING WILL FOLLOW THAT EVENING IN HIS MANHATTAN HOTEL ROOM. HE WILL PROVIDE THE HOTEL INFORMATION AS SOON AS KNOWN. ONE THING WE NEED TO CONSIDER CAREFULLY IS HOW TO HEIGHTEN M'S SENSE OF OPERATIONAL SECURITY, WHICH IS IN NEED OF IMPROVEMENT. WE WILL NOT RPT NOT TELL HIM THAT WE KNOW HIS MATERIALS HAVE BEEN TAKEN TO IRAN, BUT WE CAN CONTINUE DISCUSSIONS C/O'S STERLING AND MR. S. NAVE ALREADY BEGUN ABOUT THE NEED FOR EXTRA SECURITY AWARENESS NOW THAT THERE IS A POSSIBILITY THE IRANIANS MIGHT BE OBSERVING HIM.

THIS WON'T BE EASY SINCE HE DOESN'T TAKE WELL TO DIRECTION (AS WE FOUND OUT DURING HIS VIENNA TRIP), BUT WE DO NEED TO MAKE THE EFFORT. WE BELIEVE IT WOULD ALSO BE WISE TO ALERT THE LOCAL FBI OFFICE TO THE POSSIBILITY OF IRANIAN CONTACT WITH M; WE WILL MAKE SURE THEIR

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HQS IS IN THE LOOP.

5. FILE: CP 1 CL BY: ID # , CL REASON: SECTION  
1.5 (C), DECL ON: X1, DRV FROM:  
HQCOORD: CP 1  
CABLETYPE:

>  
RELNO: 000001977  
ORIG: CP/ ( MR. S. ); AUTH: CP 1 ( MR. S.  
) ; REL: CP 1 ( MR. S. ).

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TOR: 251534Z MAY 00 CIA OFFICE #2 7925~~SECRET~~ 251519Z MAY 00CIA OFFICE #2  
CITE 7925

TO: LANGLEY , CIA OFFICE #11 INFO CIA OFFICE #5, CIA OFFICE #7, CIA OFFICE #8

FOR:

CLASSIFIED PROGRAM NO. 1 (CP 1)

SUBJECT: MERLIN (M) - 24 MAY C/O CHANGE MEETING

REF: NONE

TEXT:

1. ACTION REQUIRED: FOR THE RECORD.

2. JEFFREY STERLING TURNED M OVER  
TO MR. Y. ON 24 MAY. HQS CP 1  
PROGRAM MANAGER MR. S. ALSO PARTICIPATED IN THE MEETING.  
M EXPRESSED NO CONCERNS ABOUT THE C/O CHANGE AND PROMISED TO CONTINUE  
TO WORK TOWARDS THE PROGRAM'S GOALS. C/O'S DID NOT/NOT INFORM HIM  
THAT WE HAD LEARNED THAT THE IRANIANS TOOK HIS PACKET OF INFORMATION  
SERIOUSLY AND ARRANGED TO COURIER IT BACK TO IRAN, BUT SUGGESTED  
INSTEAD THAT M BE ALERT TO ANY SIGN OF MONITORING OR ANY EFFORTS AT  
CONTACT BY THE IRANIANS, SINCE THEY WOULD PROBABLY BE CHECKING HIM  
OUT RIGHT NOW.

3. WE PROVIDED M A CALLING CARD AND INSTRUCTED HIM TO CALL  
IN THE EVENT OF ANY CONTACT OR SUSPICIOUS EVENTS. WE  
INSTRUCTED HIM TO AGREE TO ANY MEETING IN THE NEW YORK AREA WHICH THE  
IRANIANS MIGHT PROPOSE, BUT TO DELAY FOR A WEEK AND CONTACT US SO  
THAT WE COULD CONSIDER OUR PLANS . MR. Y. ALSO  
EXPLAINED THAT THEY WOULD BE MEETING CIRCA LATE JUNE IN NEW JERSEY,

. THIS WAS FINE WITH M , AS WAS OUR REQUEST THAT HE AND HIS  
WIFE MEET AGAIN WITH USG PERSONNEL (IN A CIA SETTING)  
FOR SOME FOLLOW-UP DEBRIEFINGS ON THE INFORMATION THEY PROVIDED IN  
1996. MR. Y. WILL PROVIDE THE FIRST HALF OF M 'S 2000 SALARY IN CASH  
AT THIS MEETING, WITH FUTURE PAYMENTS TO BE MADE

4. CIA WILL COORDINATE AGAIN WITH FBI TO ALERT THEM TO  
THE POSSIBILITY OF IRANIAN CONTACT WITH M .

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GIVEN M'S IMPETUOSITY HE MAY NEED SOME CLOSE SUPERVISION  
SHOULD IRANIAN CONTACT MATERIALIZE, BUT IN THE END BELIEVE THAT HE  
WILL PLAY THE ASSIGNED ROLE CREDIBLY.

5. FILE: CP 1 CL BY: ID # , CL REASON: 1.5(C) BY  
ID # , DECL ON: X1 DRV FROM:

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